

REMARKS

This application has been carefully reviewed in view of the Final Office Action mailed June 24, 2008. All rejections are respectfully traversed and reconsideration is respectfully requested.

REQUEST FOR INTERVIEW

The undersigned respectfully requests the courtesy of an interview in this application. The present Office Action is the SEVENTH in the present case which has been pending for approximately 7 ½ years. Applicants wish to finally resolve the disposition of the present application at the earliest possible time.

REQUEST TO REMOVE THE FINALITY OF THE PRESENT REJECTION

The undersigned has reviewed the current Office Action and finds that on page 2 thereof, under item #1 the Examiner has for the first time explained, to summarize his position, that the language "presenting the customer with an opportunity to complete a transaction to acquire additional rights to a selected portion of the A/V content" has been regarded as "conditional or optional language" and does not limit the scope of the claims. The Examiner then makes reference to MPEP 2106 II C.

It is respectfully submitted that:

- MPEP 2106 – PATENT SUBJECT MATTER ELIGIBILITY - provides guidance in defining statutory subject matter.
- The claim language now alleged to be conditional or optional, or very similar language, has been present since filing of the present application. The Office's position that this provides no limitation on the claims is just now being explained after SEVEN Office Actions, unnecessarily delaying prosecution and driving prosecution costs up unnecessarily for the undersigned's client.
- Given the nature of the Office's explanation, this is believed more properly to be a rejection under either 35 U.S.C. §101 or 112 rather than under 103, and hence amounts to

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a new grounds for rejection, or at minimum a new interpretation of the claims supporting the rejection, despite not being articulated explicitly as a new grounds for rejection.

- This being the first expression of a reason to disregard Applicants' claim feature that has been present in its essence since the beginning, Applicants respectfully submit that they are entitled to an opportunity to respond and amend.

Hence, it is respectfully submitted that the finality of the rejection is premature. The undersigned respectfully requests that the amendments presented herein be entered, considered, and that the finality of the present rejection be removed. Other reasons for removal of the finality of the rejection are articulated below.

The Office Has Not Established *Prima Facie* Obviousness

Applicants further note that the Examiner states at page 3 that "there is no requirement that a motivation to make the modifications be expressly articulated" and cites KSR (citation omitted). If, by this statement, the Examiner means that the art does not have to provide a TSM test type motivation, then KSR has indeed deemed that this test is not the exclusive rigid test for motivation. But, need for providing an articulated reasoning as to why one of ordinary skill in the art would find it obvious to make the combination or modification is nevertheless alive and well.

In order to establish *prima facie* obviousness, it is the burden of the Office to identify each element of the claims in the prior art and further, to provide an explicit analysis as to the reasoning to support a legal conclusion of obviousness. (See *In re Kahn*, 441 F. 3d 977, 988 (CA Fed. 2006) - "[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness"). Kahn was expressly endorsed by the Supreme Court in the KSR decision.

In the present case, Office Action appears to only provide as any sort of reasoning for motivation of the combination that "the combination of these elements does not alter their respective functions, the combination would have yielded predictable results to one of ordinary skill in the art at the time of the invention." (see pages 5, 7, 8 and 9 at least). This rationale for

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making the combination is simply 1) the elements' functions are not altered, and 2) the results of the combination are predictable. Under this rationale, if interpreted strictly and in isolation as the Office has in this application, virtually ANY combination of existing elements that could be modeled on a computer would be unpatentable. Consider for example an electrical invention made up of resistors, capacitors, inductors, transistors, logic gates, etc. Under these criteria, virtually any unique (and legally non-obvious) configuration of such elements could be plugged into a computer model, 1) the elements would function as expected, and 2) the results would be accurately predicted. The same is true of virtually any mechanical invention and many inventions of other patent classes. Clearly this is not what the Supreme Court had in mind.

The flaw in the Office's reasoning in the present case becomes clear upon a closer examination of the KSR decision. The syllabus of KSR is instructive when it states:

"If a person of ordinary skill in the art can implement a predictable variation, and would see the benefit of doing so, §103 likely bars its patentability. ... A court must ask whether the improvement is more than the predictable use of prior-art elements according to their established functions. Following these principles may be difficult if the claimed subject matter involves more than the simple substitution of one known element for another or the mere application of a known technique to a piece of prior art ready for the improvement. To determine whether there was an apparent reason to combine the known elements in the way a patent claims, it will often be necessary to look to interrelated teachings of multiple patents; to the effects of demands known to the design community or present in the marketplace; and to the background knowledge possessed by a person having ordinary skill in the art. To facilitate review, this analysis should be made explicit." (emphasis added)

In the present case, it is submitted that the Office has first of all failed to find all claimed features and an explicit analysis is missing or deficient. For example, in new claim 106, the feature of "displaying a menu just before, after or during presentation of the selection of A/V content to the customer, the menu displaying selected portions of the A/V content for which additional usage rights beyond said limited usage rights under the first usage rule that are available" has not been identified in the cited art. In the prior claims, this feature was framed in terms of presenting the customer with an option to acquire additional rights, and such was presented on a menu (to paraphrase without intent of limiting). The language was equated to a

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"metered rate" or a "fee per use." However, these broad parameters that define digital rights in the cited references fail to meet the features claimed when one analyzes each and every word of the claims as required. Hence, first of all, the rejection fails in identifying all features of the claims. Second of all, the rejection fails to establish that one of ordinary skill in the art would find the benefit of making the claimed combination obvious, and third, the analysis is far from providing explicit analysis that justifies denying the Applicants patent protection as required by both KSR and Khan. The syllabus citation is elaborated upon in KSR at pages 13 and 14.

However, even if all elements were identified, it should be noted that KSR states: "[a] patent composed of several elements is not proved obvious merely by demonstrating that each of its elements was independently, known in the prior art." KSR goes on to state: "although common sense directs one to look with care at a patent application that claims as innovation the combination of two known devices according to their established functions, it can be important to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the elements in the way the claimed invention does." Hence, clearly more is required than identification of all the elements and predictability.

Thus, with all due respect, the reasoning advanced by the Office is not the full criteria of KSR and clearly does not pass the requirements of Kahn, (which was expressly endorsed by the Supreme Court in KSR). This line of reasoning therefore fails to meet the requirements for providing an articulated reasoning for a motivation to combine the references in a manner that would lead to the legal conclusion that the combination is obvious. As such, this rejection fails to establish *prima facie* obviousness. Moreover, the claims were not amended in the last Office Action response; hence, any change in the Examiner's reasoning or need for a new reason for rejection was not prompted by any action of Applicants. Accordingly it is not only submitted that the claims are patentable, and that the Office has failed to establish *prima facie* obviousness, but that the present Office Action is prematurely final in that it has not articulated a viable complete rejection of the claims.

Accordingly, Applicants respectfully request entry of the present amendment, removal of the finality of the rejection, the courtesy of an interview, and allowance of all claims at an early date.

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General Remarks

It is noted that the present application has been pending since September 2001 – approximately 7 ½ years. During that period of time, USPTO policies, and in particular policies relating to method claims, signal claims, software and business methods, have evolved dramatically. Additionally, the Courts have spoken in KSR, Bilski, Johnston (citations omitted) and others. These changes have dramatically changed the way claims are interpreted, and the standards for examination. In short, many dramatic changes have taken place in the patent landscape since the time of filing the present patent application.

Accordingly, Applicants are taking this opportunity to rewrite the claims to assure clear and unquestionable compliance with current prosecution practice, simplify the claim program by reducing the number of claims (originally 105 claims and now only 15) and attempt to assure that under all standards that claims are very clearly in condition for allowance. Such amendments are made in the spirit of cooperation with the Office and Applicant hopes that the Examiner will see fit to work with the undersigned to bring a long overdue conclusion to prosecution of this application by granting an interview, removing the finality of the rejection and working with the undersigned to secure allowance for the allowable claims presented herein. Applicants are willing to work with the Examiner to make appropriate amendments to assure that the Examiner is comfortable with the new claims and secure allowance at the earliest possible date and avoid the necessity and expense of appeal.

By making these changes in the present claim program, Applicants seek only to work with the Examiner to expedite prosecution of the present application. Applicants make no concession as to the Examiner's position on any matter and reserve the right to pursue claims of the scope of those rejected in a continuing application if they see fit. Applicants further reserve the right to present additional arguments favoring patentability at a later date if deemed appropriate.

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New Claims

Applicant presents herewith new claims. Reasons and arguments favoring patentability of these new claims are similar to those previously articulated for the original claims. Applicant, however, has considered the Examiner's remarks on page 2, and throughout the Office Action and has re-characterized the actions of the claims to clearly delineate that a menu is presented after presentation of the selection of A/V content to the customer, with the menu displaying selected portions of the A/V content for which additional usage rights beyond said limited usage rights under the first usage rule that are available. Also, the claim expressly calls for receiving a request from the customer for acquisition of the additional usage rights beyond the first usage rights to the selected portions of the A/V content as a separate subsequent transaction, receiving payment from the customer for the separate subsequent transaction; and as a result of receiving payment for said separate subsequent transaction, enabling the customer to store the selected portion of the A/V content under said separate usage rights beyond the first usage rule acquired as a result of the separate subsequent transaction (to summarize without intent of imposing further limitations).

The presently claimed chain of events is clearly not conditional, and not contemplated by the simple list of attributes of figure 15 of Stefik. Moreover, the cited art misses the point of presentation of the menu at a time when a user is most likely to be interested in acquisition of further rights. None of the cited art recognizes or discloses that displaying a menu just before, after or during presentation of the selection of A/V content is more likely to result in acquisition of additional rights than at any other time. Nor does any of the cited art appear to leverage the acquisition of prior rights to facilitate acquisition of new extended rights (to paraphrase without intent of limiting). Accordingly, Applicant reiterates all prior arguments favoring patentability of the claims and requests consideration and allowance of the present newly presented claims.

In particular, it is again noted that the Office has not shown where multiple claim elements are found within the cited references. While the new claims are reworded, the prior listing of elements found in the prior Office Action response remain essentially applicable. Consider new claim 106 as an example:

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As previously noted, the Office Action admits that Garfinkle fails to explicitly disclose the claim feature of presenting the customer with an opportunity to acquire additional rights to a selected portion of the A/V content. There is no teaching, suggestion, motivation or articulated reasoning presented within the Office Action for the collective claim features embodied by the claim language "displaying a menu just before, after or during presentation of the selection of A/V content to the customer, the menu displaying selected portions of the A/V content for which additional usage rights beyond said limited usage rights under the first usage rule that are available, the selected portion comprising at least one of a soundtrack, a documentary segment, an interview, an audio segment, a video segment and a still image; receiving a request from the customer for acquisition of the additional usage rights beyond the first usage rights to the selected portions of the A/V content as a separate subsequent transaction; receiving payment from the customer for the separate subsequent transaction; and as a result of receiving payment for said separate subsequent transaction, enabling the customer to store the selected portion of the A/V content under said separate usage rights beyond the first usage rule acquired as a result of the separate subsequent transaction on the customer storage or playback device."

Fundamental to *Graham v. John Deere*, 383 U. S. 1 (Supreme Court, 1966), for the Patent Office to combine references in an obviousness rejection, the Patent Office must first establish *prima facie* obviousness by showing where each and every element is taught or suggested in the combined references. This showing is required as a part of identification of the scope and content of the prior art. The Patent Office has repeatedly failed to satisfy this requirement for an obviousness rejection because the Patent Office has repeatedly failed to show where elements analogous to at least the elements described above are shown within the combination of references.

Multiple claim elements are missing from the combination of references, and the Patent Office has failed to provide a proper articulated reasoning as to why one of ordinary skill in the art would find the claims as a whole to be obvious in the absence of the claim features not present in the cited art and has failed to provide any articulated reasoning as to why one of ordinary skill in the art at the time of the invention would have found motivation to make the modifications claimed (See *In re Kahn*, 441 F. 3d 977, 988 (CA Fed. 2006), as explicitly

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endorsed by the Supreme Court). Such an analysis is required in order to satisfy the factual inquiry ascertaining the differences between the prior art and the claims at issue in order to resolve the issue of obviousness. The Patent Office has repeatedly failed to satisfy this additional requirement for an obviousness rejection because the Patent Office has repeatedly failed to properly identify the missing elements within the cited references, and has failed to articulate a reason for combining the references to arrive at the claims.

Applicants also wish to note that claims 110 and 116 call for the usage rule to specify a time limit for presenting and enabling. None of the cited art provides for such a time limit at least on the enabling. Hence, again, the Office fails to consider each and every claim feature. The Office submits that this is taught by Stefik, but in fact it is not. Again, Stefik merely presents a laundry list of digital rights parameters, none of which define a time limit for enabling acquisition of additional rights as defined by the claims. Hence, again, *prima facie* obviousness has not been properly established.

In view of the multiple clear distinctions pointed out above, further discussion is believed to be unnecessary at this time. Failure to address each point raised in the Office Action should accordingly not be viewed as accession to the Examiner's position or an admission of any sort. Applicants reserve the right to provide additional arguments if necessary in relation to any of the rejected claims.

In view of the discussion above, the newly submitted claims are believed clearly in proper condition for allowance. Reconsideration is respectfully requested and notice of allowance for all pending claims is respectfully requested at the earliest possible date.

Respectfully submitted,

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